

**Saturday October 19, 2002**

## **Transcript**

### **Remarks and Press Conference**

**U.S. Trade Representative Robert B. Zoellick  
and  
President Gonzalo Sánchez de Lozada of Bolivia**

**Magnolia Room, Hotel Los Tajibos  
Santa Cruz, Bolivia**

**Gonzalo Sánchez de Lozada:** Good afternoon. For many reasons, I am particularly pleased to be here with the U.S. Trade Minister. He is the person who handles bilateral, multilateral and global agreements related to trade. [Our meeting] has been quite productive and I thank him for his presence here. I believe -- as I said today -- that Mr. Zoellick's -- the United States Trade Representative's -- presence is very important and shows his commitment in the area of agriculture. And in talks with Bolivia, he is very interested in helping Bolivia export better and more products. That is very encouraging. He is aware of the new Andean Trade Preference Act of which we want to take advantage. He has been generous. He offered to help us create jobs for the people of Bolivia to compensate for the great effort Bolivia has made to mitigate and end drug trafficking. Bolivia wants to make use of the creativity of its people. His presence, here, in Santa Cruz, gives us great satisfaction. We are very pleased to have him here and to be working together so there is more trade, less poverty, and more employment in Bolivia and the world. Let me introduce Mr. Zoellick, the United States Trade Representative here in Bolivia.

**Ambassador Zoellick:** I'm very honored that the President would take time to meet with me today, and I started by thanking him and his colleagues for hosting this very important meeting of the Cairns Group. We obviously have a very strong, shared interest in trying to open up agricultural markets around the world.

I spoke to the President about his upcoming visit to Washington and mentioned President Bush's strong interest in welcoming him on that trip. The President knows that the President has been a very close friend of the United States. He's been someone who has taken difficult economic steps in the past for Bolivia and we want to work with him closely on the challenges that he and his government and the people of Bolivia now face.

As the President stated, the starting point is that we're very pleased that this summer the Congress not only re-extended the Andean Trade Preference Act but added some 700 other items to it so that it now covers duty-free trade for some 6,300 goods from Bolivia. And as the President mentioned, we look forward to trying to work with him and the

members of his government through our embassy and our other personnel to try to help explain how these benefits can be captured by the businesses and the workers of Bolivia. I also had an opportunity to talk to the President about our common agenda, then the ALCA -- the Free Trade Area of the Americas -- and the WTO negotiations, where together we can try to work to promote free trade, not only between our two countries, but for the region and the world.

So I want to just conclude again by thanking him and his colleagues and saying we hope to give the President a warm welcome to Washington in November.

**Journalist Question: The Inter-American Development Bank has said that the rich countries do not intend to eliminate agricultural subsidies, does the U.S. intend to eliminate them completely? And if so, how would you do it?**

**Ambassador Zoellick:** I'm very pleased that you asked that question because there has been a great deal of misunderstanding about the position the United States put forward in the WTO global negotiations. There are three key areas that countries seek to negotiate in the global negotiations, the WTO negotiations.

The first is export subsidies, and the United States favors the elimination of all export subsidies. Today the United States has about \$15 million of export subsidies and the European Union has between \$2 and \$5 billion. The second type of subsidies are what are called domestic support that distorts international production. Under the current WTO rules, the European cap for this type of subsidy is \$62 billion; the Japanese cap is \$30 billion; the U.S. is \$19.1 billion. We propose to cap all those subsidies at 5% of the total domestic farm production. So for example, it would reduce from \$19.1 to about \$10 billion, almost cut it in half. And the Europeans from \$62 billion to \$12 billion. Still above ours, but only fair because they have a lot more to cut. And as a result, if our proposal were accepted, it would cut \$100 billion out of the world agricultural subsidies. The third area is tariffs and we proposed a formula that would cut U.S. average agricultural tariffs from 12% to 5%, and it would cut the global average from 62% to about 15%.

To also put this in perspective for Latin America: Today because of the special trade preference programs like the one the President referred to, about 90% of Latin America's agricultural exports already enter the United States without any tariffs. To conclude, the reason we appreciate the invitation to Bolivia to meet with the Cairns Group is we want to work with other agricultural-exporting countries to raise the attention of these topics and put some pressure on some of the other major countries that have not come forward with any proposal. You could probably guess the countries to which I'm referring to, but to give you a hint, one's capital is Tokyo and the other's is Brussels.

**Journalist Question: Will Bolivia insist on requesting a Bilateral Trade Agreement with the United States?**

**President Sanchez de Lozada:** Well, it seems they [the United States] have a long list and a big agenda. There are many [countries] waiting in line. I will continue insisting because I believe that a bilateral agreement will allow Bolivia to export to neighboring countries that now have restrictive policies and markets. We will achieve...

In our administration, we believe that the FTAA will create jobs and employment for the Bolivian people. Therefore, we will support that process, but we are still hopeful and feel compelled to seek a bilateral agreement. We [Bolivia] have not gone any further than to commit to support the [FTAA] process and to explain to the Bolivian people the advantages that this process may bring about, and, at the same time, keep seeking a bilateral agreement in case the other process is delayed because hunger in Bolivia cannot wait. We need jobs. We need to reactivate our economy, and we believe that the best means would be a bilateral agreement. But, if that does not happen, we will continue seeking the hemispheric agreement for one market: a free trade area where all of us can benefit from hemispheric trade.

**Journalist Question:** Why does the U.S. condition trade agreements with Bolivia to the coca issue?

**Ambassador Zoellick:** We don't. We have a number of free trade and other agreements that are not connected with narcotics. But if you're referring to the Andean Trade Preference Act, the idea is actually to help countries like Bolivia that have taken rather dramatic steps to try to cut coca production but that then have to recognize: What will the people do who used to grow these crops and to be able to continue to feed their families? So we're trying to lower trade barriers so these people and others in Bolivia, Colombia, Peru and Ecuador can be able to have other jobs that export goods to the United States, and in the meantime, move away from products that will also undermine the fabric of their own societies.

Just to give you an example that I shared with the President: Say 20 years ago the cut-flower exports from Colombia only amounted to about \$10 or \$20 million. Because the ATPA cut that tariff to zero, that is now a half-billion dollar business in Colombia that employs 75,000 people. So if people can grow drugs or they can grow flowers, I'd rather have them grow flowers, be able to make a good living, and also provide good product to the United States. As I look around the flowers in this room, I think we need more flowers from Bolivia as well.